

2004 Resident Personal Income Tax Return

Leave the Paper Behind - *e-File!*



● Quick Refunds

- Accurate
- Proof of Acceptance
- Free **

No more paper, math errors, or mailing delays when you **e-File!**

Refunds in as little as 7 days.

e-File today, pay by April 15, 2005, to avoid penalties and interest.

e-File through an Authorized IRS/DOR *e-file* provider or by using your Personal Computer and the Internet. Visit our web site at www.azdor.gov for a listing of approved *e-file* providers and on-line filing sources.

** For free *e-file* requirements, check out our web site at www.azdor.gov.

Who Can Use Form 140A?

You can use Form 140A to file for 2004 if all of the following apply to you.

You (and your spouse if married filing a joint return) are full year residents of Arizona.

- Your Arizona taxable income is less than \$50,000, regardless of your filing status.
- You are not making any adjustments to income.
- You do not itemize deductions.
- The only tax credits you can claim are:
 - the family income tax credit,
 - the property tax credit,
 - the credit for increased excise taxes,
 - the Clean Elections Fund tax credit.
- You are not claiming estimated tax payments.

Do You Have to File?

Arizona Filing Requirements These rules apply to all Arizona taxpayers.		
You must file if you are:	AND your Arizona adjusted gross income is at least:	OR your gross income is at least:
● Single	\$ 5,500	\$15,000
● Married filing jointly	\$11,000	\$15,000
● Married filing separately	\$ 5,500	\$15,000
● Head of household	\$ 5,500	\$15,000
If you are an Arizona resident, you must report income from all sources. This includes out-of-state income.		
To see if you have to file, figure your gross income the same as you would figure your gross income for federal income tax purposes. Then, you should exclude income Arizona law does not tax.		
Income Arizona law does not tax includes:		
<ul style="list-style-type: none"> ● Interest from U.S. Government obligations ● Social security retirement benefits received under Title II of the Social Security Act ● Benefits received under the Railroad Retirement Act 		
You can find your Arizona adjusted gross income on line 18 of Arizona Form 140A.		

NOTE: *Even if you do not have to file, you must still file a return to get a refund of any Arizona income tax withheld.*

Do You Have to File if You Are an American Indian?

You must file if you meet the Arizona filing requirements unless **all** the following apply to you.

- You are an enrolled member of an Indian tribe.
- You live on the reservation established for that tribe.
- You earned **all** of your income on that reservation.

Enrolled members of American Indian tribes that must file a return may subtract wages earned while living and working on their tribe's reservation. **If you are eligible to subtract these wages, you must file Form 140.** In this case, do not file Form 140A.

To find out more, see Arizona Department of Revenue Income Tax Ruling *ITR 96-4*.

Do You Have to File if You Are a Non-Indian or Non-Enrolled Indian Married to an American Indian?

You must file if you meet the Arizona filing requirements. For details on how to figure what income to report, see Arizona Department of Revenue Income Tax Ruling *ITR 96-4*.

Do You Have to File if You Are in The Military?

You must file if you meet the Arizona filing requirements.

If you are an Arizona resident, you must report all of your income, no matter where stationed. You must include your military pay. If you were an Arizona resident when you entered the service, you remain an Arizona resident, no matter where stationed, until you establish a new domicile.

If you are not an Arizona resident, but stationed in Arizona, the following applies to you.

- You are not subject to Arizona income tax on your military pay.
- You must report any other income you earn in Arizona. Use Form 140NR, *Nonresident Personal Income Tax Return*, to report this income.

To find out more, see Arizona Department of Revenue brochure, Pub 704, *Taxpayers in the Military*.

Residency Status

If you are not sure if you are an Arizona resident for state income tax purposes, you should get Arizona Department of Revenue Income Tax Procedure *ITP 92-1*.

Residents

You are a resident of Arizona if your domicile is in Arizona. Domicile is the place where you have your permanent home. It is where you intend to return if you are living or working temporarily in another state or country. If you leave Arizona for a temporary period, you are still an Arizona resident while gone. A resident is subject to tax on all income no matter where the resident earns the income.

Part-Year Residents

If you are a part-year resident, you must file Form 140PY, *Part-Year Resident Personal Income Tax Return*.

You are a part-year resident if you did either of the following during 2004.

- You moved into Arizona with the intent of becoming a resident.
- You moved out of Arizona with the intent of giving up your Arizona residency.

Nonresidents

If you are a nonresident, you must file Form 140NR, *Nonresident Personal Income Tax Return*.

What if a Taxpayer Died?

If a taxpayer died before filing a return for 2004, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. If the deceased taxpayer did not have to file a return but had tax withheld, a return must be filed to get a refund.

The person who files the return should use the form the taxpayer would have used. **If the department mailed the taxpayer a booklet, do not use the label.** The person who files the return should print the word "deceased" after the decedent's name in the address section of the form. Also enter the date of death after the decedent's name.

If your spouse died in 2004 and you did not remarry in 2004, or if your spouse died in 2005 before filing a return for 2004, you may file a joint return. If your spouse died in 2004, the joint return should show your spouse's 2004 income before death, and your income for all of 2004. If your spouse died in 2005, before filing the 2004 return, the joint return should show all of your income and all of your spouse's income for 2004. Print "Filing as surviving spouse" in the area where you sign the return. If someone else is the personal representative, he or she must also sign the return.

 **e-File** the return to receive the refund in as little as 7 days.

Are Any Other Returns Required?

You may also have to file fiduciary income tax or estate tax returns. For details about filing a fiduciary income tax return, call the department at (602) 255-3381. For details about filing an estate tax return, call the department at (602) 716-7809.

Claiming a Refund For a Deceased Taxpayer

If you are claiming a refund, you **must** complete Form 131, *Claim for Refund on Behalf of Deceased Taxpayer*. Attach this form to the **front** of the return.

What Are The Filing Dates And Penalties?

When Should You File?

Your 2004 tax return is due no later than midnight, April 15, 2005. File your return as soon as you can after January 1, but no later than April 15, 2005.

What if You Cannot File on Time?

You may request an extension if you know you will not be able to file on time.

NOTE: *An extension does not extend the time to pay your income tax. For details, see the instructions for Arizona Form 204.*

To get a filing extension, you can either:

1. Apply for a state extension (Form 204). To apply for a state extension, file Arizona Form 204 by April 15. See

Form 204 for details. You do not have to attach a copy of the extension to your return when you file, but make sure that you check either box 82D or 82F on page 1 of the return. If you must make a payment, use Arizona Form 204.

2. You may use your federal extension (federal Form 4868 or 2688). File your Arizona return by the same due date. You do not have to attach a copy of your federal extension to your return, but make sure that you check either box 82D or box 82F on page 1 of the return.

When Should You File if You Are a Nonresident Alien?

You must file your Arizona tax return by April 15, even though your federal income tax return is due on June 15. If you want to file your Arizona return when you file your federal return, you may ask for an extension. See Form 204 for extension filing details.

What if You File or Pay Late?

If you file or pay late, the department can charge you interest and penalties on the amount you owe. If the U.S. Post Office postmarks your 2004 calendar year return by April 15, 2005, your return will not be late. You may also use certain private delivery services designated by the IRS to meet the "timely mailing as timely filed" rule.

Late Filing Penalty

If you file late, the department can charge you a late filing penalty. This penalty is 4½ percent of the tax required to be shown on the return for each month or fraction of a month the return is late. This penalty cannot exceed 25 percent of the tax found to be remaining due.

Late Payment Penalty

If you pay your tax late, the department can charge you a late payment penalty. This penalty is ½ of 1 percent (.005) of the amount shown as tax for each month or fraction of a month for which the failure continues. This penalty cannot exceed a total of 10 percent.

Extension Underpayment Penalty

If you file your return under an extension, you must pay 90 percent of the tax shown on your return by the return's original due date. If you do not pay this amount, the department can charge you a penalty. This penalty is ½ of 1 percent (.005) of the tax not paid for each 30 day period or fraction of a 30 day period. The department charges this penalty from the original due date of the return until the date you pay the tax. This penalty cannot exceed 25 percent of the unpaid tax.

NOTE: *If you are subject to two or more of the above penalties, the total cannot exceed 25 percent.*

Interest

The department charges interest on any tax not paid by the due date. The department will charge you interest even if you have an extension. If you have an extension, the department will charge you interest from the original due date until the date you pay the tax. The Arizona interest rate is the same as the federal rate.

When Should You Amend a Return?

If you need to make changes to your return once you have filed, you should file Form 140X, *Individual Amended*

Return. Do not file a new return for the year you are correcting. Generally, you have four years to amend a return to claim a refund.

If you amend your federal return for any year, you must also file an Arizona Form 140X for that year. You must file the Form 140X within 90 days of amending your federal return.

If the IRS makes a change to your federal taxable income for any year, you must report that change to Arizona. You may use one of the following two options to report this change.

Option 1

You may file a Form 140X for that year. If you choose this option, you must amend your Arizona return within 90 days of the change. Attach a complete copy of the federal notice to your Form 140X.

Option 2

You may file a copy of the final federal notice with the department within 90 days. If you choose this option, you must include a statement in which you must:

1. Request that the department recompute your tax; and
2. Indicate if you agree or disagree with the federal notice.

If you do not agree with the federal notice, you must also include any documents that show why you do not agree.

If you choose option 2, mail the federal notice and any other documents to:

Arizona Department of Revenue
1600 W. Monroe, Attention: Individual Income Audit
Phoenix, AZ 85007-2650

Line-by-Line Instructions

Tips for Preparing Your Return:

- Make sure that you write your social security number on your return.
- Complete your return using black ink.
- You **must** round dollar amounts to the nearest whole dollar. If 50 cents or more, round up to the next dollar; if less than 50 cents, round down. Do not enter cents.
- You must complete your federal return before you can start your Arizona return.
- Make sure you include your home telephone number. If your daytime number is not the same as your home number, make sure you include a daytime telephone number.

 **e-File** checks your return for errors before you file.

Entering Your Name, Address, and Social Security Number (SSN)

Lines 1, 2, and 3 -

NOTE: Make sure that you write your social security number on the appropriate line.

If your booklet has a peel-off label, use that label if all the information is correct. **If any of the information on the label is incorrect, do not use the label.** Attach the label after you finish your return. If you do not have a peel-off label, print or type your name, address, and SSN in the space provided.

 If you **e-File**, you do not need a label.

If you are filing a joint return, enter your SSNs in the same order as your names. *If your name appears first on the return, make sure your SSN is the first number listed.* If you are a nonresident of the United States or a resident alien who does not have an SSN use the identification number (ITIN) the IRS issued to you.

For a deceased taxpayer, see page 2 of these instructions.

Use your current home address. The department will send your refund or correspond with you at that address.

NOTE: Make sure your SSN is correct. If you are filing a joint return, also make sure you list your SSNs in the same order every year.

Make sure that every return, statement, or document that you file with the department has your SSN. Make sure that all SSNs are clear and correct. You may be subject to a penalty if you fail to include your SSN. It may take longer to process your return if SSNs are missing, incorrect, or unclear.

Identification Numbers for Paid Preparers

If you pay someone else to prepare your return, that person must also include an identification number where requested.

A paid preparer may use any of the following.

- his or her SSN
- his or her PTIN
- the federal employer identification number for the business

A paid preparer who fails to include the proper numbers may also be subject to a penalty.

Determining Your Filing Status

The filing status that you use on your Arizona return may be different from that used on your federal return.

Use this section to determine your filing status. Check the correct box (4 through 7) on the front of Form 140A.

Line 4 Box - Married Filing a Joint Return

You may use this filing status if married as of December 31, 2004. It does not matter whether or not you were living with your spouse. You may elect to file a joint return, even if you and your spouse filed separate federal returns.

You may use this filing status if your spouse died during 2004 and you did not remarry in 2004. See page 2 of these instructions for details.

The Arizona Form 140A is for full year residents only. You may not file a joint Arizona income tax return on Form 140A if any of the following apply.

1. Your spouse is a nonresident alien (citizen of and living in another country).
2. Your spouse is a resident of another state.
3. Your spouse is a part-year Arizona resident.

If filing a joint return with your nonresident spouse, you may file a joint return using Form 140NR. See Form 140NR instructions.

If filing a joint return with your part-year resident spouse, you may file a joint return using Form 140PY. See Form 140PY instructions.

For details on filing a joint return with your part-year

resident or nonresident spouse, see Arizona Department of Revenue Income Tax Ruling *ITR 95-2*.

Line 5 Box - Head of Household

You may file as head of household on your Arizona return, only if one of the following applies.

- You qualify to file as head of household on your federal return.
- You qualify to file as a qualifying widow or widower on your federal return.

Line 6 Box - Married Filing Separately

You may use this filing status if married as of December 31, 2004, and you elect to file a separate Arizona return. You may elect to file a separate return, even if you and your spouse filed a joint federal return.

If you are filing a separate return, check the line 6 box and enter your spouse's name in the space provided. Also enter your spouse's SSN in the space provided.

Arizona is a community property state. If you file a separate return, you must figure how much income to report using community property laws. Under these laws, a separate return must reflect one-half of the community income from all sources plus any separate income.

When you file separate returns, you must account for community deductions and credits on the same basis as community income. Both you and your spouse must either itemize or not itemize. If one of you itemizes, you both must itemize. If one of you takes a standard deduction, you both must take a standard deduction. One of you may not claim a standard deduction while the other itemizes.

If you and your spouse support a dependent child from community income, either you or your spouse may claim the dependent. Both of you cannot claim the same dependent on both returns.

For details on how to file a separate Arizona income tax return, see Arizona Department of Revenue Income Tax Rulings *ITR 93-18* and *ITR 93-19*.

NOTE: *If you can treat community income as separate income on your federal return, you may also treat that community income as separate on your Arizona return. See Arizona Department of Revenue Ruling ITR 93-22.*

If you are filing a separate return and your spouse is not a resident of Arizona, other special rules may apply. For more details, you should see Arizona Department of Revenue Income Tax Ruling, *ITR 93-20*.

Line 7 Box - Single

Use this filing status if you were single on December 31, 2004. You are single if any of the following apply to you.

- You have never been married.
- You are legally separated under a decree of divorce or of separate maintenance.
- You were widowed before January 1, 2004, and you did not remarry in 2004, and you do not qualify to file as a qualifying widow or widower with dependent children on your federal return.

Exemptions

Write the number of exemptions you are claiming in boxes 8, 9, 10, and 11. Do not put a checkmark. You may lose the

exemption if you put a checkmark in these boxes. You may lose the dependent exemption if you do not complete Part A, lines A1 through A3, on page 2. You may lose the exemption for qualifying parents or ancestors if you do not complete Part A, lines A4 and A5, on page 2.

Line 8 Box - Age 65 and Over

Write "1" in box 8 if you or your spouse were 65 or older in 2004. Write "2" in box 8 if both you and your spouse were 65 or older in 2004.

Line 9 Box - Blind

Write "1" in box 9 if you or your spouse are totally or partially blind. Write "2" in box 9 if both you and your spouse are totally or partially blind.

If you or your spouse were partially blind as of December 31, 2004, you must get a statement certified by your eye doctor or registered optometrist that:

1. You cannot see better than 20/200 in your better eye with glasses or contact lenses or
2. Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, you can get a statement certified by your eye doctor or registered optometrist to that effect instead.

You must keep the statement for your records.

Line 10 Box - Dependents

You must complete Part A, lines A1 through A3, on page 2 of your return before you can total your dependent exemptions.

You may claim only the following as a dependent.

- A person that qualifies as your dependent on your federal return.
- A person who is age 65 or over (related to you or not) that does not qualify as your dependent on your federal return, but one of the following applies.
 1. In 2004, you paid more than one-fourth of the cost of keeping this person in an Arizona nursing care institution, an Arizona residential care institution, or an Arizona assisted living facility. Your cost must be more than \$800.
 2. In 2004, you paid more than \$800 for either Arizona home health care or other medical costs for the person.
- A stillborn child if the following apply:
 1. The stillbirth occurred during 2004.
 2. You received a certificate of birth resulting in stillbirth from the Arizona Department of Health Services.
 3. The child would have otherwise been a member of your household.

Completing Line(s) A1

NOTE: *If a person who qualifies as your dependent is also a qualifying parent or ancestor of your parent, you may claim that person as a dependent on line A2, or you may claim that person as a qualifying parent or ancestor of your parent on line A5. You may **not** claim that same person on both line A2 and line A5. Do not list the same person on line A1 that you listed on line A4.*

Enter the following on line(s) A1.

1. The dependent's name. If you are claiming an exemption for a stillborn child and the child was not named, enter "stillborn child" in place of a name.
2. The dependent's social security number. If you are claiming an exemption for a stillborn child enter the certificate number from the certificate of birth resulting in stillbirth.
3. The dependent's relationship to you.
4. The number of months the dependent lived in your home during 2004. If you are claiming an exemption for a stillborn child, enter the date of birth resulting in the stillbirth.

You may lose the exemption if you do not furnish this information.

Line A2 - Total Dependents

Enter the total number of persons listed on line(s) A1. Enter the same number on the front of the return in box 10.

Line A3 - Persons You Cannot Take as Dependents on Your Federal Return

Enter the names of any dependents age 65 or over listed on line(s) A1 that you cannot take as a dependent on your federal return. Also enter the name of any stillborn child listed on line(s) A1, if the stillborn child was named. If the stillborn child was not named, enter "stillborn child" on line A3. In the case of a stillborn child, also enter the date of birth resulting in the stillbirth.

Line 11 Box - Qualifying Parents and Ancestors of Your Parents

A qualifying parent or ancestor of your parent may be any one of the following.

- Your parent or your parent's ancestor. Your parent's ancestor is your grand parent, great grand parent, great great grand parent, etc.
- If married filing a joint return, your spouse's parent or an ancestor of your spouse's parent.

You may claim this exemption if all of the following apply.

1. The parent or ancestor of your parent lived in your principal residence for the entire taxable year.
2. You paid more than one-half of the support and maintenance costs of the parent or ancestor of your parent during the taxable year.
3. The parent or ancestor of your parent was 65 years old or older during 2004.
4. The parent or ancestor of your parent required assistance with activities of daily living, like getting in and out of bed or chairs, walking around, going outdoors, using the toilet, bathing, shaving, brushing teeth, combing hair, dressing, medicating or feeding.

You must complete Part A, lines A4 and A5, on page 2 of your return before you can total your exemptions for qualifying parents and ancestors of your parents.

NOTE: If a person who is a qualifying parent or ancestor of your parent also qualifies as your dependent, you may claim that person as a dependent on line A2, **or** you may claim that person as a qualifying parent or ancestor of your parent on line A5. You may **not** claim that same person on both line A2 and line A5. Do not list the same person on line A4 that you listed on line A1.

Completing Line(s) A4

Enter the following on line(s) A4.

1. The name of the qualifying parent or ancestor of your parent.
2. The social security number of the qualifying parent or ancestor of your parent.
3. The qualifying parent's or ancestor's relationship to you, or your spouse if filing a joint return.
4. The number of months the qualifying parent or ancestor of your parent lived in your home during 2004.

You may lose the exemption if you do not furnish this information.

Line A5 - Total Qualifying Parents or Ancestors of Your Parents

Enter the total number of persons listed on line(s) A4. Enter the same number on the front of the return in box 11.

Line B6 Different Last Names

If you filed an Arizona tax return within the past four years with a different last name, enter your prior last name(s) in Part B.

Totaling Your Income

Line 12 - Federal Adjusted Gross Income

You must complete your federal return before you enter an amount on line 12. You must complete a 2004 federal return to figure your federal adjusted gross income. You must complete a federal return even if you do not have to file a federal return.

Figuring Your Tax

Line 19 - Standard Deduction

If your filing status is:	Your standard deduction is:
• Single	\$ 4,050
• Married filing separately	\$ 4,050
• Married filing jointly	\$ 8,100
• Head of household	\$ 8,100

Line 20 - Personal Exemptions

The amount you may claim as a personal exemption depends on your filing status. If married, the amount you may claim as a personal exemption also depends on whether you or your spouse claim dependents. You may use the chart below to figure your personal exemption. If married, you may also use Form 202 to figure your personal exemption.

Personal Exemption Chart	
If you checked filing status:	Enter:
• Single (Box 7)	\$2,100
• Married filing joint return (Box 4) and claiming no dependents (Box 10)	\$4,200
• Married filing joint return (Box 4) and claiming at least one dependent (Box 10 excluding persons listed on Page 2, line A3)	\$6,300
• Head of household and you are not married (Box 5)	\$4,200
• Head of household and you are a married person who qualifies to file as head of household (Box 5)	\$3,150 Or Complete Form 202 <i>Personal Exemption Allocation Election.</i>
• Married filing separately (Box 6) with neither spouse claiming any dependents (Box 10)	\$2,100 Or Complete Form 202 <i>Personal Exemption Allocation Election.</i>
• Married filing separately (Box 6) with one spouse claiming at least one dependent (Box 10 excluding persons listed on Page 2, line A3)	\$3,150 Or Complete Form 202 <i>Personal Exemption Allocation Election.</i>

A married couple who does not claim any dependents may take one personal exemption of \$4,200. If the husband and wife file separate returns, either spouse may take the entire \$4,200 exemption, or the spouses may divide the \$4,200 between them. You and your spouse must complete Form 202 if either you or your spouse claim a personal exemption of more than \$2,100. If you and your spouse do not complete Form 202 you may take an exemption of only \$2,100 (one-half of the total \$4,200).

A married couple who claims at least one dependent may take one personal exemption of \$6,300. If the husband and wife file separate returns, either spouse may take the entire \$6,300 exemption, or the spouses may divide the \$6,300 between them. You and your spouse must complete Form 202 if either you or your spouse claim a personal exemption of more than \$3,150. If you and your spouse do not complete Form 202 you may take an exemption of only \$3,150 (one-half of the total \$6,300).

If you are a married person who qualifies to file as a head of household, you may take the entire \$6,300 personal exemption or you may divide the exemption with your spouse. You and your spouse must complete Form 202 if either you or your spouse claim a personal exemption of more than \$3,150. If you and your spouse do not complete Form 202 you may take an exemption of only \$3,150 (one-half of the total \$6,300).

The spouse who claims more than one-half of the total personal exemption must attach the original Form 202 to his or her return. The spouse who claims less than one-half of the total personal exemption must attach a copy of the completed Form 202 to his or her return.

Line 21 - Taxable Income

Subtract lines 19 and 20 from line 18 and enter the result. Use this amount to find your tax using the Optional Tax Rate Tables.

STOP! You must file a Form 140 if your Arizona taxable income is \$50,000 or more.

Line 22 - Tax Amount

Enter the tax from the Optional Tax Rate Tables.

Lines 23 and 24 - Clean Elections Fund Tax Reduction

You may designate \$5 of your tax go to the Clean Elections Fund and may also reduce your tax by up to \$5. If you are married filing a joint return, both you and your spouse may make this designation and also reduce your tax by up to \$10.

Single Taxpayers, Heads of Household, and Married Taxpayers Filing a Joint Return With Only One Spouse Making a Designation

To make this designation, Check box 231 marked yourself.

If you checked box 231 and the amount on Form 140A, page 1, line 22, is \$10 or more, enter \$5 on line 24. If the amount on line 22 is less than \$10, complete the following worksheet.

Married Taxpayers Filing a Joint Return With Both Spouses Making a Designation

If both spouses want to make this designation, one spouse should check box 231, and the other spouse should check box 232.

If you checked both box 231 and box 232 and the amount on Form 140A, page 1, line 22, is \$20 or more, enter \$10 on line 24. If the amount on line 22 is less than \$20, complete the following worksheet.

Clean Elections Fund Tax Reduction Worksheet	
1. Enter the amount of tax from Form 140A, page 1, line 22.	
2. If you checked box 231, enter \$5. If a joint return and your spouse also checked box 232, enter \$10.	
3. Balance of tax eligible for tax reduction. Subtract line 2 from line 1. If less than zero, enter zero "0".	
4. If you checked box 231, enter \$5. If a joint return and your spouse also checked box 232, enter \$10.	
5. Tax reduction. Enter the lesser of line 3 or line 4. Also enter this amount on Form 140A, page 1, line 24.	

NOTE: Amounts designated to the Clean Elections Fund here do not qualify for the credit on line 28.

Line 26 - Family Income Tax Credit



e-File software will let you know if you are eligible and will figure the credit for you.

You may take this credit if you meet the income threshold for your filing status. You may qualify for this credit even if your parents can claim you as a dependent on their income tax return.

- Complete steps 1, 2, and 3 to see if you qualify for this credit.

- If you qualify to take this credit, complete the worksheet in step 4.

Step 1

Enter the amount from Form 140A, page 1, line 12.	
---	--

Step 2

Look at the following tables. Find your filing status.

- Use Table I if married filing a joint return.
- Use Table II if head of household.
- Use Table III if single or married filing a separate return.

Step 3

- Look at the column (a) labeled "number of dependents" and find the number of dependents you are claiming (Form 140A, page 1, box 10, excluding persons listed on Page 2, line A3).
- Find the income threshold amount in column (b) next to the number of dependents you are claiming.
- Compare that income threshold amount in column (b) with the income listed in Step 1.

If the amount entered in step 1 is equal to or less than the income threshold for the number of dependents you are claiming on Form 140A, page 1, box 10, excluding persons listed on Page 2, line A3, you qualify to take this credit. To figure your credit, complete step 4.

Table I Married Filing a Joint Return	
Column (a)	Column (b)
Number of dependents you are claiming on Form 140A, page 1, box 10, excluding persons listed on Page 2, line A3	Income Threshold
• 0 or 1	\$20,000
• 2	\$23,600
• 3	\$27,300
• 4 or more	\$31,000

Table II Head of Household	
Column (a)	Column (b)
Number of dependents you are claiming on Form 140A, page 1, box 10, excluding persons listed on Page 2, line A3	Income Threshold
• 0 or 1	\$20,000
• 2	\$20,135
• 3	\$23,800
• 4	\$25,200
• 5 or more	\$26,575

Table III Single Or Married Filing Separately	
Column (a)	Column (b)
Number of dependents you are claiming on Form 140A, page 1, box 10, excluding persons listed on Page 2, line A3	Income Threshold
• 0 or more	\$10,000

Step 4

If you qualify to take the credit, complete the following worksheet.

Worksheet	
You must complete Steps 1 through 3 before you complete this Worksheet.	
1. Enter the number of dependents you entered on Form 140A, page 1, box 10, excluding persons listed on Page 2, line A3.	
2. Number of personal exemptions. If you checked filing status 4, enter the number 2. If you checked filing status 5, 6, or 7, enter the number 1.	
3. Add lines 1 and 2. Enter the result.	
4. Multiply the amount on line 3 by \$40. Enter the result.	
5. If you checked filing status 4 or 5, enter \$240 here. If you checked filing status 6 or 7, enter \$120 here.	
6. Family income tax credit. Enter the lesser of line 4 or line 5. Also enter this on Form 140A, page 1, line 26.	
NOTE: The family income tax credit will only reduce your tax and cannot be refunded.	

Line 27 -

Subtract line 26 from line 25. If the result is less than zero, enter zero.

Line 28 - Clean Elections Fund Tax Credit

NOTE: Amounts designated to the Clean Elections Fund on Form 140A, page 1, lines 23 and 24, do not qualify for the credit. Do not include those amounts here regardless of whether you made the designation this year or in a prior year.

If you made a contribution to the Citizens Clean Elections Fund, you may take a credit for those contributions.

For 2004, you may claim a credit for:

- Donations made directly to the fund during 2004.
- A donation made to the fund on your 2003 income tax return that you filed in 2004.

You may not claim a credit on the 2004 return for a donation made to the fund on your 2004 return. If you make a donation to the fund with your 2004 return, that you file in 2005, you may claim a credit for that donation on your 2005 return.

Complete the worksheet below to figure your credit.

Worksheet for Calculating the 2004 Clean Elections Fund Tax Credit	
1. Enter the amount donated directly to the fund during 2004.	
2. Enter the amount donated to the fund with your 2003 tax form.	
3. Add line 1 and line 2. Enter the total.	
4. Enter the amount from Form 140A, line 27.	
5. Multiply line 4 by 20% (.20).	
6. Enter \$550 if single, head of household, or married filing separately. Enter \$1,100 if married filing joint.	
7. Enter the larger of line 5 or line 6.	
8. Enter the smaller of line 3, line 4, or line 7 here and also on Form 140A, line 28.	
NOTE: This credit will only reduce your tax and cannot be refunded. You may not carry forward any amount of unused credit.	

Totaling Payments and Credits

Line 30 - Arizona Income Tax Withheld

Enter the Arizona income tax withheld shown on the Form(s) W-2 from your employer. Attach the Form(s) W-2 to the back of the last page of your return.

NOTE: You should receive your Form(s) W-2 no later than January 31. If you did not receive a Form W-2 or you think your Form W-2 is wrong, contact your employer.

Line 31 - Amount Paid With 2004 Extension Request (Form 204)

Use this line to report the payment you sent with your extension request.

Line 32 - Credit For Increased Excise Taxes

You may take this credit if you meet all of the following:

1. You meet the income threshold for your filing status:
2. You are not claimed as a dependent by any other taxpayer.
3. You were not sentenced for at least 60 days of 2004 to a county, state or federal prison.

If you are married filing a joint return, or a head of household, you may take this credit if the amount on Form 140A, page 1, line 12, is \$25,000 or less. If you are single or married filing a separate return, you may take this credit if the amount on Form 140A, page 1, line 12, is \$12,500 or less.

To figure your credit, complete the following worksheet.

Do not complete the following worksheet if you are claiming the property tax credit on Form 140PTC. Use Form 140PTC to figure both the credit for increased excise taxes and the property tax credit. If you are claiming both the credit for increased excise taxes and the property tax credit, enter the increased excise tax credit from Form 140PTC, page 1, line 17, here and enter the property tax credit from Form 140PTC, page 1, line 15, on line 33.

Credit for Increased Excise Taxes Worksheet		
	Check one	
	Yes	No
If you checked filing status 4 or 5, is the amount on Form 140A, page 1, line 12, \$25,000 or less?		
If you checked filing status 6 or 7, is the amount on Form 140A, page 1, line 12, \$12,500 or less?		
If you checked no, STOP. You do not qualify for this credit. If you checked yes, complete the rest of this worksheet.		
1. Enter the number of dependents you entered on Form 140A, page 1, box 10, excluding persons listed on Page 2, line A3.		
2. Number of personal exemptions. If you checked filing status 4, enter the number 2 here. If you checked filing status 5, 6, or 7, enter the number 1 here.		
3. Add lines 1 and 2. Enter the result.		
4. Multiply the amount on line 3 by \$25. Enter the result.		
5. Maximum credit.	\$ 100	00
6. Enter the smaller of line 4 or line 5 here and also on Form 140A, page 1, line 32.		

NOTE: The credit cannot exceed \$100 per household. Do not claim this credit if someone else in your household has already claimed \$100 of the credit. If someone else in your household has claimed less than \$100, you may claim the credit as long as all credit claims filed from your household do not exceed \$100.

Line 33 - Property Tax Credit

You may take the property tax credit if you meet **all** the following.

1. You were either 65 or older in 2004 or receiving SSI Title 16 income from the Social Security Administration.

NOTE: This is not the normal Social Security disability.

2. You were an Arizona resident for the full year in 2004.
3. You paid property tax on your Arizona home in 2004. You paid rent on taxable property for the entire year or you did a combination of both.
4. If you lived alone, your income from all sources was under \$3,751. If you lived with others, the household income was under \$5,501.

Complete Form 140PTC to figure your credit. Enter the amount from Form 140PTC, page 1, line 15.

Attach Form 140PTC to your return.

Tax Tip: To claim a property tax credit, you must file your claim or extension request by April 15, 2005.

Figuring Your Overpayment or Tax Due

Line 35 - Tax Due

If line 29 is more than line 34, you have tax due. Subtract line 34 from line 29. Skip line 36.

Line 36 - Overpayment

If line 34 is more than line 29, subtract line 29 from line 34.

Making Voluntary Gifts

You can make voluntary gifts to each of the funds shown below. A gift will reduce your refund or increase the amount due with your return.

NOTE: If you make a gift, you cannot change the amount of that gift later on an amended return.

Line 37 - Aid to Education Fund

Gifts go to the Arizona Assistance for Education Fund. The Arizona Board of Education will distribute money in this fund to school districts.

CAUTION: If you make a contribution to this fund, you must contribute your entire refund. You may not give more than your entire refund.

Line 38 - Arizona Wildlife Fund

You may give some or all of your refund to the Arizona Wildlife Fund. You may also give more than your entire refund.

Gifts go to the Arizona Game, Nongame, Fish and Endangered Species Fund. This fund helps protect and conserve over 1,000 nongame species.

Line 39 - Citizens Clean Elections Fund

You may give some or all of your refund to the Citizens

Clean Elections Fund. You may also send in additional money with your return. If you send in additional money with your return, include that amount on line 48. Enter the amount you want to donate on line 39.

If you make a donation to the fund with your 2004 return, that you file in 2005, you may claim a credit for that donation on your 2005 return.

The Citizens Clean Elections Fund provides funding to each participating candidate who qualifies for campaign funding.

Line 40 - Child Abuse Prevention Fund

You may give some or all of your refund to the Arizona Child Abuse Prevention Fund. You may also give more than your entire refund.

Gifts go to the Arizona Child Abuse Prevention Fund. This fund provides financial aid to community agencies for child abuse prevention programs.

Line 41 - Domestic Violence Shelter Fund

You may give some or all of your refund to the domestic violence shelter fund. You may also give more than your entire refund.

Gifts go to the Domestic Violence Shelter Fund. This fund provides financial aid to shelters for victims of domestic violence.

Line 42 - Neighbors Helping Neighbors Fund

You may give some or all of your refund to the neighbors helping neighbors fund. You may also give more than your entire refund.

Gifts go to the Neighbors Helping Neighbors Fund. This fund provides eligible recipients with emergency aid in paying energy utility bills and conserving energy.

Line 43 - Special Olympics Fund

You may give some or all of your refund to the Special Olympics Fund. You may also give more than your entire refund.

Gifts go to the Special Olympics Fund. This fund helps provide programs of the Arizona Special Olympics.

Line 44 - Political Gifts

Gifts go to one of the following political parties:

- Democratic
- Libertarian
- Republican

You may give some or all of your refund to a political party. You may also give more than your entire refund.

Line 45 - Political Party

Check the box for the political party to which you wish to give. You may select only one party. If you do not select a political party, the department will return the amount on line 44.

Figuring Your Refund or Tax Due

Line 47 - Refund



You can get your refund in as little as 7 days when you **e-File** and use direct deposit.

Subtract line 46 from line 36. Enter your refund on line 47 and skip line 48.

If you owe money to any state agency and certain federal agencies, your refund may go to pay some of the debt. If so, the department will let you know by letter.

Tax Tip: *If you change your address before you get your refund, let the department know. Write to: Refund Desk, Arizona Department of Revenue, 1600 W Monroe, Phoenix AZ 85007. Include your social security number in your letter.*

Direct Deposit of Refund

Complete the direct deposit line if you want us to directly deposit the amount shown on line 47 into your account at a bank or other financial institution (such as a mutual fund, brokerage firm or credit union) instead of sending you a check.

Why Use Direct Deposit?

- You will get your refund fast – even faster if you e-file!
- Payment is more secure since there is no check to get lost.
- It is more convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less to process than a check.

Tax Tip: *You can check with your financial institution to make sure your deposit will be accepted and to get the correct routing and account numbers. The department is not responsible for a lost refund if you enter the wrong account information.*

If you file a joint return and fill in the direct deposit line, you are appointing your spouse as an agent to receive the refund. This appointment cannot be changed later.

NOTE: *The department is not responsible if a financial institution rejects a direct deposit. If the direct deposit is rejected, a check will be sent instead.*

Routing Number

The routing number must be 9 digits. The first 2 digits must be 01 through 12 or 21 through 32. Otherwise, the direct deposit will be rejected and a check sent instead. On the sample check below, the routing number is 250250025.

Your check may state that it is payable through a financial institution different from the one at which you have your checking account. If so, **do not** use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter here.

Account Number

The account number can be up to 17 characters (both numbers and letters). Include hyphens but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank. On the sample check on the following page, the account number is 20202086. Be sure **not** to include the check number.

Sample Check

JOHN DOE OR JANE DOE
123 First Street
Sometown, AZ 00000

PAY TO THE ORDER OF **SAMPLE** \$

THIS BANK
Sometown, AZ 00000

Routing Number: 250250025
Account Number: 202020**86

For \$ 1234

Note: The routing and account numbers may be in different places on your check.

Line 48 - Amount Owed

With direct payment and **e-File**, you do not have to worry about your check getting lost.

Add lines 35 and 46. Enter the amount you owe on line 48. If you are making voluntary donations on lines 38 through 44 in excess of your overpayment, enter the difference on line 48.

Make your check payable to Arizona Department of Revenue. Write your SSN on the front of your check or money order. Enclose your check or money order with your return, but do not attach it to the return.

The department cannot accept checks or money orders in foreign currency. You must make payment in U.S. dollars.

Installment Payments

If you cannot pay the full amount shown on line 48 when you file, you may ask to make monthly installment payments. To make this request, complete Arizona Form 140IA and mail the completed form to the address on the Form 140IA. Do not mail Form 140IA with your income tax return. You may obtain Arizona Form 140IA from our web site at www.azdor.gov.

If you cannot pay the full amount shown on line 48, you will be charged interest and may be charged a late payment penalty on the tax not paid by April 15, 2005. To limit the interest and penalty charges, pay as much of the tax as possible when you file.

Sign Your Return

You must sign your return. If married filing a joint return, both you and your spouse must sign even if only one had income. Form 140A is not considered a valid return unless you sign it. If the return does not have the proper signatures, the department cannot send a refund check.

Instructions Before Mailing

- Make sure your social security number is on your return.
- Be sure you enter your home telephone number in the space provided on the front of your return. If your daytime telephone number is not the same as your home number, also enter a daytime number.
- Check to make sure that your math is correct. A math error can cause delays in processing your return.
- Make sure your **NAME** is on the return. If you received your return in the mail, use the peel-off label. **If the label is not correct, do not use it.**
- If claiming **dependent** exemptions, write the number of dependents claimed on the **front** of the return. On page 2 of the return, also write each dependent's name, relationship, social security number, and the number of months that he or she lived in your home.

- If claiming exemptions for qualifying parents or ancestors, write the number of qualifying parents or ancestors claimed on the **front** of the return. On page 2 of the return, also write each parent's or ancestor's name, relationship, social security number, and the number of months that he or she lived in your home.
- Check the **boxes** to make sure you filled in all required boxes.
- If you requested a filing extension, make sure that you check either box 82D or 82F on page 1 of the return.
- Sign your return and have your spouse sign if filing jointly.
- Attach **all** required documents.
 1. Attach *Form(s) W-2* to the back of the last page of the return.
 2. Write your social security number on the front of your check. Enclose your check with your return, but do not attach your *check* to the return.

The Department of Revenue may charge you \$25 for a check returned unpaid by your financial institution.

3. If you are claiming a property tax credit, attach a completed Form 140PTC and all required documents.

Filing Your Return

Before you mail your return, make a copy of your return. Also make a copy of any schedules that you are sending in with your return. Keep the copies for your records. Be sure that you file the original and not a copy.

To mail your return, use the envelope that came in your booklet.

To avoid delays, please use separate envelopes for each return.

Where Should I Mail My Return?

Forget about the mail and the late night run to the post office – **e-File** from the comfort of home.

If you are expecting a refund, or owe no tax, or owe tax but are not sending a payment, use the yellow address label attached to the envelope. If the envelope or label is missing, send the return to: Arizona Department of Revenue, PO Box 52138, Phoenix AZ 85072-2138.

If you are sending a payment with this return, use the white address label attached to the envelope. If the envelope or label is missing, send the return to: Arizona Department of Revenue, PO Box 52016, Phoenix AZ 85072-2016.

Make sure you put enough postage on the envelope.

With **e-File**, you do not have to worry if there is enough postage on the envelope. You even get notice that we received your return.

The U.S. Post Office must postmark your return or extension request by midnight April 15. A postage meter postmark will not qualify as a timely postmark. *Only a postmark from the U.S. Post Office will qualify.* You may

also use certain private delivery services designated by the IRS to meet the "timely mailing as timely filed" rule.

How Long To Keep Your Return

Keep your records as long as they are important for any Arizona tax law. Keep all records that support your income and deductions for a tax year until the period of limitations expires for the return for that tax year. A period of limitations is the limited time after which no legal action can be brought. Usually, this is four years from the date the return was due or filed.

In some cases, the limitation period is longer than four years. The period is six years from when you file a return if you underreport the income shown on that return by more than 25 percent. The department can bring an action at any time if a return is false or fraudulent, or you do not file a return.

Keep records that establish the basis of property for a period longer than four years. Also keep net operating loss records

back to the date you incurred the loss. To find out more about what records you should keep, get federal Publication 552.

When to Expect Your Refund

Expect your refund in the mail within 8 weeks of the date you filed. If you have not received your refund by that time, contact one of the numbers listed on the back cover. Before you call, be sure to have a copy of your 2004 tax return available because you will need to know the first social security number shown on your return, the filing status, your 5 digit zip code and the exact whole-dollar amount of your refund.

Calling the Department

Your tax information on file with the department is confidential. If you want the department to discuss your tax matters with someone other than yourself, you must authorize the department to release confidential information to that person. You may use Form 285 to authorize the department to release confidential information to your appointee. See Form 285 for details.

HOW MUCH INCOME CAN YOU HAVE AND PAY NO TAXES?

You still have to file a return, but you pay no taxes if your income is less than the levels shown in the chart below. **For purposes of this chart**, "income" means Arizona adjusted gross income plus the dependent exemption claimed (Form 140, page 1, line 17 plus the amount on Form 140, page 2, line C16; or Form 140A, page 1, line 18, plus the amount on Form 140A, page 1, line 15, or Form 140EZ, page 1, line 6). *To rely on this chart, you must claim the family income tax credit if you are qualified.*

NUMBER OF DEPENDENTS	FILING STATUS			
	SINGLE	MARRIED FILING SEPARATE	UNMARRIED HEAD OF HOUSEHOLD	MARRIED FILING JOINT
0	\$ 7,543	\$ 7,543	N/A	\$ 15,087
1	(A) 10,000	10,000	17,387	20,000
2	10,750	11,800	20,135	23,600
3	13,050	14,100	23,800	27,300
4	15,350	16,400	25,200	(C) 31,000
5	17,650	18,700	(B) 26,575	31,000

EXAMPLES

	(A) single, \$10,000 income*, one dependent	(B) unmarried head of household, \$26,575 income*, five dependents	(C) married filing joint, \$31,000 income*, four dependents
Income*	\$ 10,000	\$ 26,575	\$ 31,000
less: Dependent exemption	-2,300	-11,500	-9,200
Standard deduction	-4,050	-8,100	-8,100
Personal exemption	-2,100	-4,200	-6,300
Net taxable income	\$ 1,550	\$ 2,775	\$ 7,400
Tax (optional tax table)	\$ 45	\$ 80	\$ 213
less: Family tax credit	-80	-240	-240
Tax owed	\$ 0	\$ 0	\$ 0

*For purposes of these examples, "income" means Arizona adjusted gross income plus the dependent exemption amount claimed.